

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6835**

**BILL NUMBER:** HB 1180

**NOTE PREPARED:** Jan 3, 2010

**BILL AMENDED:**

**SUBJECT:** Grandparent Visitation and Family Member Care.

**FIRST AUTHOR:** Rep. Bartlett

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides an income tax credit against a resident individual's Indiana Adjusted Gross Income (AGI) tax for certain family member care expenses. It specifies that the credit is 100% of the family care expenses, the taxpayer's income tax liability, or \$5,000, whichever is least.

The bill requires the Bureau of Aging to: (1) collaborate with nonprofit community-based agencies to develop a grant proposal for submission to potential funding sources to establish grandparent visitation and elderly kinship care navigator pilot projects to assist grandparents with grandparent visitation and to assist elderly kinship caregivers with understanding and navigating the system of services for the elderly; and (2) report annually to the Legislative Council and the Governor on the grandparent visitation and elderly kinship care navigator pilot projects. It establishes requirements for: (1) the pilot projects; and (2) the elderly kinship care navigators. The bill also provides that implementation of the grandparent visitation and elderly kinship care navigator pilot projects is contingent upon receipt of nonstate or private funding for the projects.

**Effective Date:** July 1, 2010.

**Explanation of State Expenditures:** *Department of State Revenue (DOR):* The DOR will incur additional expenses to revise tax forms, instructions, and computer programs to reflect the new tax credit. The Department's current level of resources should be sufficient to implement this change.

*Bureau of Aging and In-Home Services:* This bill will increase the workload of the Bureau of Aging and In-Home Services by requiring a collaboration with a nonprofit agency to submit grant materials necessary to receive private or nonstate funding for grandparent visitation and elderly kinship care navigators. Additionally, the legislation will increase the workload of the Bureau of Aging and In-Home Services as it

requires annual reporting to the Legislative Council and Governor about the implementation of the pilot programs.

**Explanation of State Revenues:** *Summary* - This bill provides an Adjusted Gross Income tax credit for family member care expenses to individual taxpayers and could potentially decrease revenue to the General Fund by \$180 M to \$225 M in FY 2012. The tax credit is equal to the lesser of the taxpayer's family member care expenses for the taxable year, the taxpayer's AGI liability for the taxable year, or \$5,000. The tax credit is effective for tax years beginning January 1, 2011.

**Background Information** - The estimate provided above is based upon data from the AARP Public Policy Institute which estimates about 720,000 family caregivers in Indiana. If one-tenth of the caregivers are eligible for the tax credit and each claim \$2,500, then revenue loss could be approximately \$180 M. If one-fourth of the caregivers are eligible for the tax credit and each claim \$1,250, then revenue loss could be approximately \$225 M.

The bill defines "family member care expenses" as household services, housing modifications, and the care of a family member who lives with the taxpayer for more than 50% of the taxable year to enable the family member to avoid long-term care services at a facility. If the taxpayer is an Indiana resident for less than a year, the amount of the credit will be reduced to the ratio of the taxpayer's total income to the taxpayer's income attributable to Indiana. The tax credit is nonrefundable and may not be carried back or carried forward. Revenue from the AGI Tax on individuals is deposited in the state General Fund.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DOR; Bureau of Aging and In-Home Services.

**Local Agencies Affected:**

**Information Sources:** AARP Public Policy Institute, *Across the States 2009: Profiles of Long-Term Care and Independent Living. Indiana.*

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